

# **U.S. MILITARY AND GOVERNMENT PRESENCE**

## **A. Post-Cold War Developments**

### **Force Transformation**

- During the four decades of the Cold War, the U.S. military in Germany was a massive, geographically dispersed defensive force focused on deterring a Soviet armored thrust into Western Europe. The end of the Cold War and a growing need to respond to regional contingencies led the U.S. military to transform its forces in Germany into a more modestly sized, geographically concentrated, mobile response force capable of rapid force projection and out-of-area operations. This transformation, much of which occurred during the first half of the 1990s, resulted in a significant reduction of the U.S. military presence in Germany.

### **Overseas Base Consolidation**

- Between January 1990 and February 1995, the Department of Defense announced twenty rounds of overseas base closures, eighteen of which affected 636 separate sites in Germany (556 of which were Army sites, the remaining 80 operated by the U.S. Air Force).
- During that five-year period, the U.S. military closed fully 88 percent of its bases and smaller facilities in Germany and significantly scaled back its presence at remaining locations.
- By 1995, the U.S. military returned over 54,385 hectares (well over 100,000 acres) of land to the control of the German government -- an amount of acreage approximating that of the German federal state of Bremen, or an area twice the size of the District of Columbia.
- From 1990 to present, the U.S. Forces have benefited from Residual Value credits of \$107.59 million from U.S. funded real property returned to Germany by USAFE. This figure does not include any funds involved in the \$425M Rhein-Main Transition Program-return.

### **Drawdown Consequences**

- Because many of these bases and facilities had been operated by the U.S. military for nearly half a century, a close relationship understandably developed between the U.S. military and those local communities where they maintained a presence. Not surprisingly, the closure of these military bases made a major psychological and economic impact on the local economies, particularly in lost contract spending and in the service industry and real estate markets.
- Between 1991 and 1995, because of the closure of these U.S. military bases, 32,446 German local national employees lost their jobs. U.S. military expenditures in Germany, nearly \$10 billion in 1989, decreased to less than half that amount (between \$4 and \$5 billion dollars annually) by 1995.

## **B. Current U.S. Military Expenditures in Germany**

### **Direct Infusion of U.S. Military Funds into the German Economy.**

- The estimated U.S. military economic impact on the local economy in Germany was a hefty \$5 billion during FY 2008 -- \$2.9 billion spent by the U.S. European Command and U.S. Army, and another \$2.1 billion dollars by the U.S. Air Forces Europe (USAFE). This figure represents payments (made in euros) for utilities, supplies, equipment, contracts, engineer projects, local national salaries.
- As of August 2008, local national employees of the U.S. military in Germany included 2,769 individuals working throughout the country for the Army and Air Force Exchange Service (AAFES), 10,677 employed in various positions by the U.S. Army, and a further 5,026 by the U.S. Air Force.
- The EUCOM/Army figure of \$2.9 billion includes \$156.0 million paid to U.S. civilian employees for living quarter's allowance (LQA) and cost of living allowance (COLA), figures that are reflected in dollar payments but are converted to Euros and paid for living expenses on the economy.
- Telephone support to US Army units in Germany accounts for an additional \$12.0 million.
- During fiscal year 2008, USAFE's total economic impact on the German economy was \$2.1 billion with over \$1.29 billion accounted for by Ramstein airbase alone. Another \$ 423.3 million was expended in connection with Spangdahlem Air Base, and the remaining \$381.3 million in connection with USAFE facilities and activities elsewhere in Germany. USAFE employed 972 local nationals at Ramstein Air Base and 859 at Spangdahlem.

### **Indirect Infusion of U.S. Military Funds into the German Economy**

- The \$5 billion figure does *not* include U.S. dollar salaries paid to U.S. military and civilian personnel stationed in Germany, who spend varying amounts of those salaries on the German economy. However, factoring in a conservative estimate of less than 20% of those salaries (for expenses like daily transportation, communication, services and leisure travel and entertainment in Germany) would add an additional \$872 million to the total for U.S. military expenditures in Germany.

### **Regional Economic Impact - Then**

- The economic impact of U.S. military expenditures is particularly significant when considered in terms of its impact on specific sites and regions of the country. In the post-war era, the U.S. military presence in Germany was overwhelmingly located in its (and France's) post-war zone of occupation.
- Not surprisingly, during the Cold War era fully 97% of U.S. defense expenditures in Germany were in four federal German states -- Rhineland-Palatinate (34%), Bavaria (26%), Hesse (20%) and Baden-Wuerttemberg (17%). In Rhineland-Palatinate, home to the

Kaiserlautern Military Community and Ramstein Air Base, income derived from the U.S. military accounted for well over a third of that federal state's gross domestic product in 1989.

### **Regional Economic Impact - Now**

- The regional focus of U.S. military expenditures in Germany continues today. For EUCOM/Army, the four federal states of Bavaria (\$1,076,007,736), Baden-Wuerttemberg (\$828,644,838), Rhineland-Pfalz (\$582,278,535), and Hesse (\$416,005,517) account for virtually all of the \$2.9 billion dollars infused during fiscal year 2008.
- U.S. Air Force expenditures were similarly concentrated, with the federal German state of Rhineland-Pfalz (home to Ramstein and Spangdahlem airbases) receiving the lion's share of expenditures.
- Taking into account both EUCOM/Army and USAFE infusions into the local economy, Rhineland-Pfalz benefited from \$2.4 during fiscal year 2008 nearly half the approx \$5 billion spent by the U.S. military in Germany that year.

## **C. Continuing U.S. – German Cooperation**

### **Landstuhl Regional Medical Center (LRMC)**

- As the case of Landstuhl military hospital demonstrates, the impact of the U.S. military in Germany cannot always be quantified in terms of dollars or euros. The largest military hospital outside the United States, LRMC is the first destination for serious U.S. and Coalition military casualties medically evacuated from Iraq and Afghanistan. Flown into nearby Ramstein Air Base, wounded military and civilian personnel are quickly transported to nearby LRMC for treatment.
- Since 2003, well over eight thousand wounded service members have been treated at LRMC, while another 40,000 military and DOD civilian and family member patients have received treatment for a wide range of injuries and ailments. In March 2007, an article in the German news magazine *Der Spiegel* articulately acknowledged LRMC's impact in very non-economic terms:<sup>1</sup>

Here, America is everyone's next-door neighbor. Fifty thousand US citizens live in the area, and not just behind fences at the bases in Ramstein and Vogelweh. Many have settled in the region, playing tennis at German clubs, donating items to their children's kindergartens, getting married and spending their evenings eating popcorn at the Broadway Movie Theater. It's hard to be anti-American in this region. ...Landstuhl feels like a German front in this war.

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<sup>1</sup> Ullrich Fichtner, "The German Front in the Iraq War: A Visit to the U.S. Military Hospital at Landstuhl," *Der Spiegel* (online edition), 14 March 2007.

## **Ramstein Air Base**

- Since the end of the Cold War, the U.S. military has relied heavily upon U.S. air bases in Germany to support U.S. Air Force operations in Iraq (1991), Bosnia-Herzegovina (1995-2000), Kosovo (1999), Sub-Saharan Africa (1995 to present), Afghanistan (2001 to present) and Iraq (2003 to present). With the closure of Rhein-Main and Spangdahlem air bases, Ramstein has become the hub of U.S. military air operations on continental Europe.

## **Transit Flights**

- For 2008, a significant infusion of Defense Department funds into the German economy not captured by the figures reported above is the 3.8 million euro (approx \$5.7 million) paid by DOD for transit flights for charter flights carrying military personnel to and from Iraq and Afghanistan. In recent years, Leipzig-Halle International Airport has become one of Europe's busiest transit flight airports. During 2008, World Airways moved 428,194 U.S. service members through Leipzig-Halle, which equates to every fourth passenger being a member of the U.S. Forces.

## **D. German Military Presence in the United States**

- Less well known about the German-American defense relationship is the presence of German military personnel in the United States.
- In 2008, Germany had approximately 1,350 personnel in approximately forty separate locations. The majority of these personnel serve as liaison officers at various U.S. military commands or attend training at various U.S. military locations in roughly half of the fifty states
- The majority of German military personnel receive training in the U.S. as follows: Patriot missile training at the Army Air Defense Artillery Center and School in Fort Bliss, TX, Aviation training, Euro/NATO Joint Jet Pilot Training, Euro/NATO Helicopter Training and Tornado Flight Training and Weapon Systems Operator Training. The German Air Force conducts all phases of Tornado aircrew training (initial qualification, instructor upgrade and fighter weapons instructor training) at Holloman AFB. Such U.S.-based training has helped cement relations between our respective air forces since 1956.

## **E. Military Training**

### **U.S. Military Personnel Attending German Military Schools**

- The number of U.S. military personnel attending German military schools is much lower (<100) than the number of military personnel Germany sends for training and education in the United States each year (>500). Despite the lower numbers, there are a number of noteworthy interactions in this area. For example, a number of U.S. military officers attend the German military's Leadership Academy in Hamburg, where a U.S. Army officer currently occupies a full-time position on staff. U.S. military academy students attend multi-week

language and cultural immersion programs at German civilian facilities, and a number of U.S. military personnel are assigned in liaison officer (LNO) positions at various German headquarters organizations.

### **German Military Personnel Attending U.S. Military Schools**

- Germany conducts the largest Foreign Military Sales (FMS) training program in Europe with the U.S. Germany spends well over \$100 million per year to send over 500 students annually to U.S. military schools, to include Air War College, Air Command and Staff College, Naval War College, Naval Staff College, Naval Postgraduate School, Command and General Staff College, Army War College, Armed Forces Staff College, and the National Defense University. German military personnel also attend branch and specialty courses such as Medical Corps, Nuclear, Biological, and Chemical Corps, and Special Forces Training.

## **F. Military Sales**

- The U.S. and Germany conduct a full range of defense cooperation activities. Chief among these activities is the support of U.S. Foreign Military Sales (FMS) of defense articles, services and training.

### **U.S. Foreign Military Sales to Germany**

- Germany has procured, and continues to support, many of its most important armaments systems through FMS cases totaling nearly \$200 million annually.
- Other areas of defense cooperation include armaments research, development and production, testing and evaluation programs, defense industrial cooperation, cooperative logistics, direct commercial sales and the international transfer of defense articles from various sources.

### **U.S. Military Purchases of German-Manufactured Equipment**

- The German Ministry of Economics and Technology provides data to the Bundestag each year demonstrating that since 2001 the U.S. has been Germany's largest importer of defense equipment, with U.S. military purchases of German-made items exceeding \$100 million per annum.
- A recent and noteworthy example of German defense industry success in America is the U.S. Army's June 2006 selection of Eurocopter to replace all Army and National Guard UH-1's and OH-58's with up to 345 EC-145 (UH-72 Lakota) helicopters between 2006 and 2016. The final contract value could approach \$3 billion. Eurocopter was selected over U.S. competitors Bell-Textron and Team MD (MD Helicopters of Mesa, AZ with Lockheed-Martin), and the British-Italian consortium of Augusta Westland. The UH-72 Lakotas are assembled by 330 employees in a newly-constructed 325,000 square foot facility in Columbus, Mississippi. At least 72 have been delivered to date.

- The U.S. Coast Guard has taken delivery of the first eight twin-engine HC-144 maritime patrol aircraft from EADS. The contract calls for 36 total aircraft to be delivered through 2017 under a contract worth up to \$1.3 billion.
- Other successful German entries in the U.S. defense market include aircraft and marine engine sales by MTU Friedrichafen GmbH and their subsidiaries.
  - MTU's Series 8000 CODAG propulsion system has been selected to power General Dynamics' entry in the Navy's Littoral Combat Ship (LCS) competition. Each hull requires two CODAGs, and the final contract may include over 60 hulls.
  - MTU Detroit Diesel has been selected as sole source contractor for the U.S. Coast Guard's National Security Cutter (NSC) Program. Two MTU CODAGs are already installed on the lead ship Berthold, with seven more hulls planned.
  - In 2007, MTU Aero Engines won contracts to supply a number of key components to GE's F414 and F404 engine lines. The F414 powers the U.S. Navy's F/A-18E, F & G model Super Hornets, while the F404 is installed in several aircraft types worldwide and is one of the most successful engine lines in aviation history.
  - MTU Aero Engines will provide power turbines for the General Electric engines in the US Marine Corps' CH-53K heavy lift helicopter, and holds an 18% share in the GE engine contract. Sikorsky will deliver 205 CH-53Ks to USMC beginning in 2016, and is well-positioned to market the aircraft internationally.

## **G. USG Presence**

- Since October 2003, the U.S. Embassy has contributed nearly \$700 million to the German economy.
- The Embassy expects to spend approximately \$70 million in the current fiscal year.
- The U.S. Embassy has more than 700 locally employed staff throughout Germany.
- More than 48,000 residents in Germany receive U.S. retirement and other benefits totalling more than \$330 million annually.